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STUDENT REPORT

CAREER PILOTS-
ONE FIX FOR THE PILOT RETENTION PROBLEM

MAJOR DAVID R. EVANS

88-0870

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-PREFACE-

USAF pilot retention has once again decreased to an alarmingly low level. The combination of factors present in the current situation--large pay inequity, the perception of reduced benefits due to constrained budgets, and lucrative opportunities in the civilian economy--has the potential to make this pilot retention crisis the worst ever for the Air Force. This report examines the history of the USAF pilot retention problem, previous attempts to solve it, remedies available to cure it now, and the ramifications of implementing them. Two facts that emerged are (1) that previous solutions to the pilot retention problem failed because they didn't address the causes of the problem as a whole, and (2) as one part of the permanent solution, adding a bonus-enhanced career pilot track to the current "up or out" personnel management system is an option worth exploring.

The author received outstanding assistance from many experts in the personnel field in preparing this study. The pilot retention problem and its proposed solutions have always been controversial issues, and the farsightedness and willingness to challenge the status quo displayed by the people who helped with this report was truly noteworthy. Special appreciation is due to Colonel James D. Graham and Major James W. Carlton of HQ MAC and Major Stanley S. Stevens of AFMPC. Finally, but certainly not lastly, a sincere thanks to my advisor Major Dan Mumaugh of ACSC, whose patience, perseverance and understanding made the project possible.



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Major Evans graduated from the United States Air Force Academy in 1976 with a Bachelor of Science degree in Behavioral Science. Following graduation from Undergraduate Pilot Training he remained in the Air Training Command as a T-37 Instructor Pilot stationed at Columbus AFB, Mississippi. His jobs while stationed at Columbus included duties as Class Commander, Assistant Chief of the Wing Simulator Division, and Wing Executive Officer. During his tenure at Columbus, Major Evans was a Distinguished Graduate of Squadron Officer School class 80-B.

Major Evans holds a Senior Pilot rating, a Master's Degree in Aeronautical Science, and has over 2200 hours in four different aircraft. He also has extensive operational and staff experience dealing with pilot issues. Following completion of B-52 Combat Crew Training School at Castle AFB, California, he was stationed at Griffiss AFB, New York, where he held positions as Aircraft Commander, Instructor Aircraft Commander, and Chief, Bomber Standardization and Evaluation Division. Transferred to Headquarters, Strategic Air Command at Offutt AFB, Nebraska, his duties as Aide de Camp to CINCSAC and Executive Officer for the Deputy Chief of Staff for Operations brought him into contact with large numbers of pilots all over the world and provided an excellent background for this report.

Following graduation from Air Command and Staff College, he will be stationed with the 62nd Bomb Squadron at Barksdale AFB, Louisiana, flying the B-52G.

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EXECUTIVE SUMMARY

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REPORT NUMBER 88-0870

AUTHOR(S) MAJOR DAVID R. EVANS, USAF

TITLE CAREER PILOTS--ONE FIX FOR THE PILOT RETENTION PROBLEM

I. Purpose: To examine the USAF pilot retention problem, analyze previous attempts to solve it, and propose adding a bonus-enhanced career pilot track to the current personnel management system as a viable part of any forthcoming solution.

II. Problem: The USAF is once again in the midst of a pilot retention dilemma. The difference between the current problem and the previous occurrences is that today's combination of factors--increasing pay inequity, perceived reductions in benefits due to tightening budgets, and lucrative opportunities in the civilian economy--has the potential to rapidly bring USAF combat capability down if left unchecked. Furthermore, the extremely high cost of training and experiencing a pilot (approximately \$3 million each) makes their premature loss and subsequent replacement even more detrimental to the Air Force in today's constrained budget environment.

III. Discussion: Historically, the Air Force has been through several periods of low pilot retention. Analysis of the available information shows that a culmination of factors (three of which were mentioned above) cause pilots to separate early. Previous attempts to fix retention problems were ineffective or only

CONTINUED

temporarily effective because they failed to address the pilot retention problem as a whole. Senior Air Force leadership attributed the low pilot retention in the late seventies, for example, to the unmatched monetary attractiveness of an airline job. But then, as now, the problem wasn't nearly so simple as just a matter of not enough pay. A combination and culmination of factors, to include the desire to fly for a career; unrealistic career progression hurdles; increased private sector opportunity; Air Force personnel policies; and erosion of benefits causes pilots to separate early.

Several remedies are available to the Air Force to combat the pilot exodus. They include economic enhancements (increased ACIP, bonuses, etc), reducing job irritants (PME, additional duties), transferring equipment to the reserve forces, establishing a warrant officer [career] pilot force akin to the Army's, or boosting UPT production. While many remain unacceptable to the USAF for a variety of reasons (i.e. return of Warrant Officers is not desired), a combination of two of the potential "cures", proven successful in other air forces, holds promise for our Air Force as well.

Modifying the "up or out" officer personnel management system to permit a selectively manned, bonus-enhanced career pilot track in addition to the promotable "command" track has a better chance to succeed than previous solutions because it treats the causes of the retention problem along with its symptoms. Many other flying services, including the U.S. Navy, and the Canadian, German and Royal Air Forces, have experienced good retention using the career pilot option. The USAF itself has a limited *de facto* career pilot force in the Air Reserve Force, whose excellent record demonstrates the benefits that the career flyer offers. Just as the study revealed that a combination of factors was responsible for the pilot exodus, so it is that a combination of remedies is necessary for its solution. Thus, economic enhancements are needed in addition to the career pilot track to produce the best remedy. While the evidence strongly indicates that the Air Force must redress pay inequity for all its pilots, the bonus is essential to achieving the most benefit from the career pilot track.

The proposed career pilot bonus would amount to approximately \$100-\$120 thousand and potentially save the USAF over \$4 million per pilot over a 20 year period. Equally important, stringent control in choosing career pilots would ensure keeping the pilot force at the highest military standards. A 100 pilot test of the concept along with one way to fund it within the current budget is contained within the report.

CONTINUED

IV. Conclusions and Recommendations: The Air Force is in the midst of another pilot retention problem. The combination of factors currently present, to include large pay inequity, perceived/real reduction in benefits, and lucrative civilian job opportunities, has the potential to make this the worst pilot exodus ever. Only a combination of the available cures can provide a long-term solution to the problem. Among all the remedies available to the Air Force, modifying the "up or out" personnel management system to permit a bonus-enhanced career pilot track for selected captains and majors holds the most promise. As substantiated by precedent programs in other services, this combination of economic and personnel management options provides the best chance for success.

Based on these conclusions, I recommend that the Air Force commission an expeditious study of the bonus-enhanced career track option; that AFMPC simultaneously conduct a test of the concept as proposed in the text; and that pending favorable test results, the Air Force implement a bonus-enhanced career pilot track as one facet of the overall solution to the pilot retention problem.

Chapter One

THE PILOT RETENTION DILEMMA

BACKGROUND

The United States Air Force is once more in the throes of a pilot retention problem. Pilots with 6 to 11 years of service, the group in which retention has traditionally been measured, are exiting in high numbers. Despite previous attempts to redress the issue, the latest exodus from the pilot corps has reached a critical level (3:2; 4:1).

Retaining pilots has taken on greater importance because of tightened budgets. The Air Force pilot, as "the most expensive human resource trained in the free world" (11:9) is "among the Air Force's most valuable resources" (7:8). "The conservative estimate of the average cost to train a fully combat ready pilot in today's Air Force averages over \$3 million per pilot" (11:32). In addition to high initial training costs, pilots take a long time to season to useful levels, "as much as 4 or 5 years before reaching reliable, high performance combat standards" (2:v). The time it takes to "make" a combat-ready pilot points to a second reason why we must retain pilots: experience. "As a pilot gains experience he [she] becomes increasingly valuable; as the retention period is extended, more experienced pilots are available and the quality of the inventory is improved" (1:36). The lowered experience levels that occur from a period of poor pilot retention "may result in a less effective force with a higher accident potential, and this combination results in a lower state of combat readiness" (7:11). Prematurely losing pilots "costs the Air Force in terms of reduced experience levels, loss of training investment and, most importantly, loss of pilot resources needed to meet future... requirements" (7:8). Simply stated, the cost of training and experiencing a pilot is now so great that the USAF must take positive action to stem the tide of poor retention much sooner than in the past. "The Air Force and the nation, as a consequence of... deficit legislation (and the high cost of replacement), can no longer afford not to retain more experienced pilots for full careers" (11:9).

Pilot retention problems have drawn the attention of senior USAF leadership at least 3 times in the last 20 years (11:1).

This is not to say that pilot retention issues have been (or are now being) successfully resolved between retention crises. On the contrary, these reference points just mark times when the problem got bad enough that Air Force leadership had to act. Viewed from a historical perspective (see Figure 1), USAF pilot retention has been cyclical. Studies have been done that correlate the peaks and valleys on the graph with the economic health of the country. Generally stated, their simple conclusion is that Air Force pilots leave when their pay inequity is high and the economic chances to do well in the civilian community are good. They stay when their pay is roughly equitable and/or opportunities "outside" are low (recession) (7:1-3,12; 8:--). This myopic, one dimensional view of the pilot retention problem led to the temporary, piecemeal solutions tried in the past. Paying pilots more money and reducing career irritants are important steps that have been taken, but they are only part of the answer (8:5; 11:4). "No single action by itself will solve the problem. A comprehensive approach needs to be taken. The alternative is to suffer some degradation to combat readiness" (4:7). The author's experience as a pilot and pilot supervisor suggest that curing this problem will require an insightful understanding of the causes and a broader, more holistic remedy. This report will examine the factors of this recurrent problem and focus on one of the potential solutions.

THE FOCUS

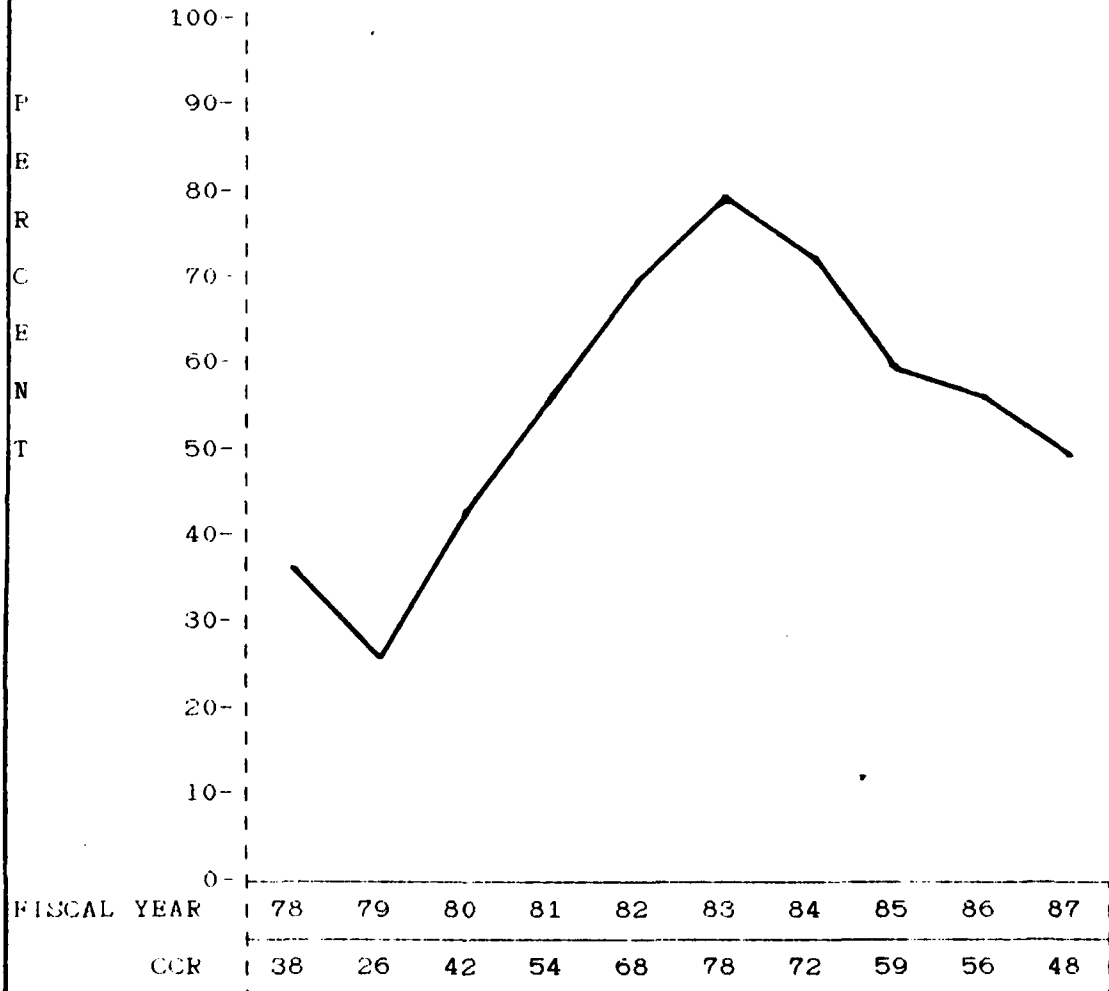
Many factors in several studies have been cited as the causes of the cyclical pilot departures. While some are undoubtedly more valid than others, the author's experience suggests they can be summarized in the following statement: The incessant demands placed on Air Force pilots for their time and talent, rewarded with hazy intangibles (like pride in serving selflessly) and insufficient tangibles (money, prestige) builds frustration and insecurity and drives the decision to leave. Put in the simplest of terms, the Air Force pushes its pilots out as much as or more than outside opportunities pull them (11:4).

One factor that particularly motivates pilots to "vote with their feet" is the "up or out" personnel management system (4:7; 5:12; 11:3). "Up or out" refers to the personnel policy that gives the Air Force the latitude to dismiss a captain that has failed promotion to major. Interpreted more broadly for this study, the term also includes majors who made that rank but stand no chance to go beyond it. These individuals may, if they desire, serve out their time until eligible for retirement at 28 years of service.

FIGURE 1

AIR FORCE PILOT RETENTION

Cumulative Continuation Rate (CCR) for 6-11 Year's Service



NOTE: "CCR is the percentage of officers entering a given year group who would complete a designated period of service if current retention patterns remained the same, computed on a 12 month basis" (3:1).

SOURCE: USAF/DPMATO

The "up or out" policy not only plays a central role in this report, but is important to the Air Force at large. Its importance results not from the relatively few officers forced out or the somewhat greater number "dead-ended" at major, but because of its effect on the *perceptions* of the entire pilot force. As perceived by the highly competitive pilot corps, the current system's only tangible reward for good performance is promotion. Therefore, failure to get promoted is perceived as either "bad" performance or the consequence of an unfair promotion system (4:7; 10:5; 14:36). Regardless of cause, the achievement-oriented pilot is motivated to avoid the stigma of non-promotion. The pressure to get promoted, get out, or stagnate at major leads many pilots to prematurely (from the USAF's view) opt for the security offered by opportunities in the civilian world. While there is a valid need to cull the best for promotion, that need (as epitomized in the "up or out" system) does not justify inducing highly trained and very expensive people resources to leave the ranks before their full value is realized (14:36). Certainly one would not expect the Air Force to eliminate this irritant by promoting everyone. However, there are alternatives to the "up or out" system that provide an acceptable option to both the Air Force and many of the pilots that are resigning (11:--; 12:1,3).

THE PURPOSE

This report briefly examines the current pilot retention situation and then explores the idea of creating a two track career path for the pilot force as one part of the solution for the pilot retention problem. A discussion of possible remedies, including political constraints and U.S. Navy and foreign precedents, leads to a proposal for testing the concept in the field. An assessment of the possible consequences of the proposal, to include its strengths and weaknesses, its effect on the quality of the pilot and officer corps, and where the track would fit into the force, culminate in recommended actions for Air Force leadership and the Air Force Military Personnel Center (AFMPC).

Chapter Two

THE CURRENT SITUATION

WHERE WE'VE BEEN

Historically, the Air Force has been through several periods of low pilot retention. Following World War II and the Korean conflict, the service deliberately discharged pilots to reduce to post-war manning levels. Vietnam in 1966-1971, on the other hand, presented a situation in which the USAF was confronted by an unanticipated mass exodus of its most critical and expensive personnel resource (1:--; 7:8; 14:--; 15:--; 16:CH 2). The Air Force tried a few things to stem the flow of pilots to the civilian world. This effort included retaining regular officers beyond their original commitments and attempting to lessen the impact of some of the major irritants. However, these half-hearted measures met with limited success (16:CH 3,4). Fortunately for the Air Force, the end of U.S. involvement in Vietnam also brought to end the high need for pilots. As Vietnam wound down, the Air Force again discharged its surplus pilots to the civilian economy and remained adequately manned until 1976. This year marked the beginning of a dismal period for pilot retention in the USAF, as 1979 saw retention reach the all time low of 26% (3:4).

A culmination of factors not unlike those evident today (in lesser degree) caused the exodus in 1979. Pilots were far behind their civilian contemporaries in pay equity, and the opportunities for employment in the airlines or related industries were good (16:CH 2,4). Characteristically, Air Force leadership jumped on airline hiring as the cause of their pilot retention trouble. But then, as now, the problem wasn't nearly so simple as just a matter of not enough pay (5:10; 11:3). A combination of factors including the "up or out" personnel management system drove pilots to decide to separate in record numbers (10:5-6).

"Up or out" played a key role in many exit decisions as its effect was greatly magnified by the now infamous controlled Officer Effectiveness Report (OER). Controlling the number of officers that could receive a top rating appeared to give the Air Force a means to reduce the rampant inflation on OER's that made promotion boards' tasks so difficult. Instead, it irritated the officer corps as a whole and elevated the insecurity and frustrations of the pilot corps to new heights by raising the specter of

promotion pass-over to an intolerable level. Faced with lucrative beckoning from the civilian world, low pay, career irritants, and the possibility of not being promoted, many pilots chose separation before the Air Force chose it for them (14:37; 16:CH 2). This exodus occurred for most pilots in the time between the end of their Undergraduate Pilot Training (UPT) commitment and their promotion to major--between their 6th to 11th year of service. That is why this particular grouping is used to measure retention. Ironically, one would think that dissatisfaction with the "up or out" system would have only concerned the small percentage of pilots whose records indicated a possible non-promotion. But what Air Force leadership failed to see then and seems to be missing again today is that the cumulative effect of all the economic/career factors on perceptions is greater than their individual sum.

Young pilots (in the 6-11 year group) left in 1979 because the combination of economic factors coupled with the threat of an uncertain future outweighed the perceived benefits of a career in the Air Force (16:CH 2). Supervisors, successful to some extent in the "up or out" system, were empathetic at best to the grievances of their subordinates (11:39). The severity of the problem demanded and got concrete, though incomplete, solutions. OER's were decontrolled, Aviation Career Incentive Pay (ACIP) was increased, and many of the irritants were reduced or eliminated. Once again however, the corrections did not treat the problem in its entirety. The fundamental root causes, failure to maintain economic equity with civilian counterparts, career irritants (like additional non-flying duties), and the "up or out" promotion system, were only temporarily assuaged.

WHERE WE'RE AT

According to the most recent AFMPC Officer retention report, the Fiscal Year (FY) 87 pilot retention rate for officers in the 6-11 year group was 48%. This compares to 56% for 1986 and 59% for 1985 when the latest retention problems began (3:4). While this dismal statistic is cause for concern in its own right, even more alarming is that there is no end in sight to the accelerating losses. As stated in the report, "Pilot retention,... continues to decline and is at a critical level.... Pilot 6-11 year retention has declined to 48%, 30 percentage points below the high of 78% in FY 83. The downward trend is expected to continue in FY 88" (3:2). Assuming that pilot attrition stabilized at the 1987 rate, the Air Force still projects being over 2000 pilots short of its requirements in FY 92 (17:--). Consequences of the losses to date are already being felt in the pilot force. The near total drawdown of the pilot-manned rated supplement positions and the reduction of pilot positions on headquarters' staffs coupled with the decreasing opportunities to career broaden caused by the high

separations is worsening an already sensitive situation (17:--).

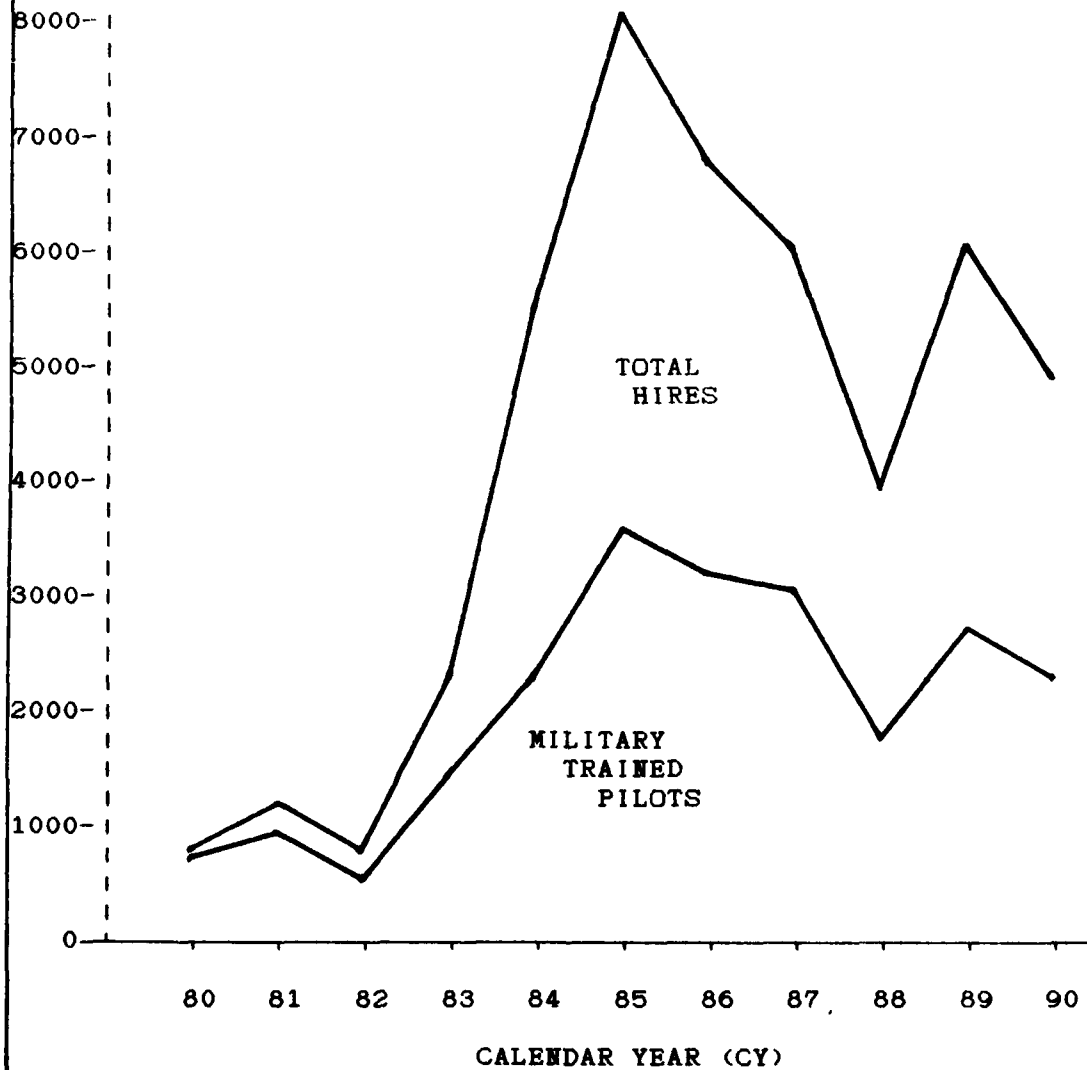
Additionally, airline recruiting is more blatant than ever. Their latest round of incentives includes the willingness to pay any military pilot a professional sports (NBA) size bonus just to sign on. In fact, there are "three airline jobs today for each DoD pilot eligible to resign" (12:1). The Future Aviation Professionals of America (FAPA), an authoritative source on hiring in the airline industry, conservatively projects that commercial airlines will hire between 4,000 and 6,000 pilots per year through the early 1990's (4:4). A large percentage of them will come from the military (see Figure 2). Certainly not all will come from the Air Force--Navy pilot retention problems put them currently over 1000 pilots short (4:2). However, enough of our pilots may resign to seriously effect USAF pilot manning and combat capability. Undoubtedly as many of the post Korea and Vietnam era airline pilots reach retirement age in the next few years, "the services can expect further increases in airline hiring" (5:11).

WHERE FROM HERE?

Given the recurrent nature of the pilot retention problem and the temporary (at best) success of Air Force corrective measures to date, a different approach to solving the problem is warranted. Senior USAF leadership needs to stop re-hashing retention surveys long enough to get back in touch with the basics of the problem. It is as axiomatic in the Air Force as it is in the business world that "in order to gain the best performance a knowledge of what the employee really wants from his job is essential" (6:22). In a peacetime environment, the USAF pilot is no different from any other employee in the things he desires and needs from his job. Maslow's hierarchy of needs is a well known delineation of those factors. Yet, the reasons given for pilot separation "(1) desire to fly for a career; (2) unrealistic career progression hurdles; (3) increased private sector opportunity; (4) Air Force personnel policies; and (5) erosion of benefits" (11:1,3), strongly indicate that the Air Force is failing to properly assess and meet those needs. "Uncertainty, competitiveness, and instability are all present to some degree in today's Air Force and are exacerbated by the "up or out" system" (11:29). In the author's opinion, the Air Force must, in addition to redressing economic inequity and minimizing on-the-job irritants, explore the possibility of going to a two track career path for its pilots. "In order to meet the needs of those pilots who just want to fly and those who desire to lead, the Air Force must consider the concept of a dual track career system" (9:4). Based on the premise that "being a pilot is not just a good start for a career, but can be a very satisfying career in itself" (9:4), the following chapters explore the feasibility of decreasing the pressure of the "up or out" system through the implementation of a two track career path.

FIGURE 2

TOTAL AIRLINE HIRES vs EX-MILITARY HIRES
1980-1990



NOTE: Projected hires based on growth and increased retirements.
Projected military hires based on CY 84-86 averages (44%).

SOURCE: FUTURE AVIATION PROFESSIONALS OF AMERICA

Chapter Three

REMEDIES

THE CHOICES

Solutions for the Air Force's pilot retention problem are numerous and varied. Many have been tried in the past. Unfortunately, since the retention problems keep recurring for essentially the same reasons, it is apparent that the underlying "ailment" remains (11:40). In the author's opinion, the USAF's failure to attend to the needs of its pilots at all times, and not just in a retention crisis, contributes to the persistence of the problem. "What is all too apparent... is the observation that neither near-term nor long-term real solutions to the problems/ irritants have been implemented" (16:111).

However, Air Force leadership is not solely to blame. Congress, oblivious to everything but getting a "king's defense at a pauper's price", forces the Air Force leadership into a crisis management style just to keep the nation's defense viable. USAF leadership is continually called upon to justify and defend their budget against cuts unwittingly proposed by militarily illiterate legislators. Important initiatives intended to decrease the economic inequity of pilots understandably tend to submerge in the wake of higher priority programs being put on the chopping block. As a result of the way the funding process works, it takes the impetus of a massive pilot exit to get Congress to consider raises in pay and benefits. By the time months or even years of testimony and budgetary debates finally result in an increase (moderate at best) in ACIP, many pilots (who cost far more to replace than the pay raise) have chosen to separate. Air Force leadership shares the fault with Congress for this waste of resources for two reasons: (1) they apparently aren't articulating pilot needs to Congress well enough or soon enough, and (2) they don't pay attention themselves until the problem reaches serious proportions.

This is not to say that the Air Force isn't aware of the problem; pilot's have been surveyed innumerable times to ferret out the causes of their dissatisfaction. Unfortunately, in the view of the average pilot, too much time is spent administering and analyzing surveys and not enough time acting on the causes for leaving. "If the proper amount of motivation is not present, job performance, job satisfaction, and retention will continue to be

less than satisfactory" (6:28). Air Force leadership cannot be held responsible for the military naivete' of Congress, but there are many more things it could do *within the current system* to eliminate the causes of poor pilot retention.

ECONOMIC ENHANCEMENTS

Money isn't the sole cause of nor answer to pilot retention problems (as assumed in 1979), but is a key consideration in any solution (11:3-4). "Pay is not the only form of compensation; but it is... the most important material reward for employee contribution and serves as a symbol of status and achievement" (6:27). As discussed above, economic redresses take a long time to get and are subject to the understanding and will of Congress. To their credit, Air Force leadership has attempted for the last several years to gain an increase in ACIP. However, there are elements in the other services and within the Department of Defense (DoD) that oppose (for parochial reasons) anything more than a cost of living increase (4:4).

[Given that] the services could not achieve pay comparability with the airlines, one objective of ACIP was to lower the difference between military and airline pay. Coupled with the other attractions of military life, studies have shown that ACIP has increased our ability to retain officers in an aviation career (4:9).

ACIP will not continue to help retain pilots if it isn't increased soon. Since the last raise in FY 81, "it has lost approximately 19% of its purchasing power and is estimated to lose a total of 36% by FY 92" (4:6). The constrained, anti-defense spending period of the late 80's does not bode much hope that USAF ACIP efforts will be successful or timely (11:8).

Another economic avenue the Air Force has yet to use to retain its pilots is the bonus. While subject in the long run to the same congressionally imposed limits and constraints as ACIP, based on the experience of the Navy and civilian business, the bonus may prove an excellent tool to gain and maintain pilot retention at the required levels. A "simple career bonus program could be extremely cost effective.... A 1977 study by the center for Naval Analysis concluded that bonuses would retain more pilots at a lower cost than across-the-board flight pay increases" (11:53). Under the present personnel management system, the military supervisor has "no way to provide increased monetary rewards for the degree of performance. [The military] manager or boss cannot grant directly pay increases for outstanding job performance" [except by promotion] (6:23). Devising and funding a bonus program could provide the Air Force the flexibility it now lacks to counteract, at least partially, the economic lure of the

airlines. The amount of the bonus, while large enough to retain the individual in the Air Force, would dwarf in the face of total defense outlays and be "well spent when compared to the [average \$3 million] it costs to train a military jet pilot" (15:71). Combined with a "dual track" modification to the "up or out" system, the author believes the monetary bonus essential to the permanent resolution of the pilot retention problem.

REDUCING IRRITANTS

Eliminating and/or minimizing job irritants is another "cure" for the pilot retention problem with which the author is intimately familiar. Pilots were upset with the number and amount of time required for their non-flying duties. More importantly, they were disillusioned by the weight those duties carried on their OER's and thus in their chances for promotion. So long as pilot skills were average or better, flying ability was a given. Additional duty performance was the discriminator used to identify top performers. It, rather than ability in the primary duty, determined how well the pilot would compete for the limited number of promotions.

Another irritant, disliked for the same effect on promotion potential, was the requirement for Professional Military Education (PME) and advanced academic degrees. These requirements were (and are) seen as "square filling" exercises that had nothing to do with the reason for becoming an Air Force pilot--to fly.

While all of these "irritants" were conceived as necessary skills the "whole person" officer needed to master before promotion, the inflated and arbitrary importance they took on under the "up or out" system debased their credibility with the pilot corps.

The Air Force responded well to these complaints, reassessing the need for each duty and eliminating or reassigning them to support personnel wherever possible. The requirements for PME and advanced degrees have also been reviewed and changed to reflect more appropriate goals. These changes were important steps in modifying the arbitrary requirements of the "up or out" system to better meet the needs of USAF pilots and stop their recurrent exodus (11:44).

MISCELLANEOUS "FIXES"

There are several other potential cures for the pilot retention problem that have been considered and in some cases implemented to a limited extent in the past. None of them has

proven the panacea for Air Force pilot retention woes, although in combination with other measures some may prove useful.

One of the suggested solutions is to transfer more active duty equipment to the Air National Guard and Air Force Reserve (Air Reserve Forces), thereby reducing the number of active duty pilots required. This saves money on paper by changing who pays for the flying, but is untenable for the Air Force because it exacerbates the retention problem in the 6-11 year group. "This results since annual pilot training rates would have to be reduced due to the decreased number of entry level cockpits available in the active duty squadrons; reducing the [number] of new pilots and raising the retention rate required to sustain the mid-grade pilot leadership and experience requirements" (4:9).

Another suggested course of action that has remained unacceptable to the Air Force is the idea of establishing a warrant officer pilot force akin to the Army's. Congress has taken a particular interest in this assuming that if it works for the Army it would work for the USAF as well (9:4). The complexity of Air Force aircraft versus Army helicopters plus the Air Force view that bringing back warrant officers would create more problems than it would solve keeps this answer at bay for the time being.

Boosting UPT production and adding time to the initial service commitment are solutions that have been tried. The USAF raised the obligation to 7 years in 1987 and plans an increase to 8 in 1988. However, the "results of these increases will not be felt until 1995" (4:8). Additionally, boosting UPT production is limited by the age and number of training aircraft and by the number of inexperienced pilots the force can safely, effectively absorb. "Most operational units require between 30 and 50% of their pilots be 'experienced' in order for that unit to be operationally ready" (7:10). Clearly these actions can have a positive effect on the numbers of pilots in the force, but are an inadequate remedy because they don't address the underlying root causes of the retention problem. To insure the right blend of experienced and inexperienced people, another solution is needed.

THE "TWO TRACK" OPTION

Modifying the "up or out" system to permit a career pilot track in addition to a promotable or "command" track provides a promising solution to the pilot retention dilemma.

While it is clear that some number of pilots... should be officers who are prepared to continue in a long-range career development pattern, there may be a requirement for some... who remain pilots through their military service career and who will not necessarily have aspirations to senior management positions (1:6).

Creating a two track career path for pilots is a viable solution for several reasons. First and foremost, it has a better chance for success than previous answers because it treats the causes of the retention problem along with its symptoms. "If a man enjoys flying because of the challenge involved and is not motivated by other jobs in the Air Force, then the Air Force needs to look at ways to keep him in the cockpit" (9:4). A career track provides an alternative to the pressure and frustration of the "up or out" system by countering three of the five reasons given for leaving (11:28). It allows those who desire to fly for a career to do so; it removes unrealistic career progression hurdles from those not qualified for nor interested in command; and it reflects a progressive, responsive attitude on the part of personnel policy makers. Coupled with the history of success two track systems have enjoyed in other air forces, this makes a powerful argument for looking at the dual track possibilities in more detail.

PRECEDENTS

Many services have successfully employed the career track option for their pilot corps. Among other U.S. services, the Navy has instituted an Aviation Duty Officer program. "Initial feedback from [this] program shows that it is attracting officers who desire a flying career only and are not interested in command opportunity" (4:8). Success of the Navy program has been hampered somewhat by the facts that their "career pilots are limited to second-line aircraft" and that their program employs a limited opportunity for promotion (12:3). Officers who were unpromotable in the line-of-the-Navy (their "up or out") system corrupt the career pilot track by attempting to get promoted in it. Based on research for this report and the causes for the pilot retention problem already mentioned, the author believes this is a shortcoming in the Navy concept that prevents full benefit.

"Variations of a 'career pilot' have worked extremely well in foreign Air Forces that have the Western tradition of the 'whole man' concept--particularly in the Royal Air Force [RAF] and the Luftwaffe.... The Canadians use a selective continuation program which seems to work well for them" (11:30). Foreign services, where the initial commitment following UPT has always tended to be longer than their American counterparts, have recognized the advantages and instituted a career flying option for their pilots.

Ironically the USAF, at the expense of the active force, has also created and benefited from a small-scale career pilot corps of sorts in the Air Reserve Forces (ARF).

The USAF has in the ARF a "de facto career pilot force" (11:45). Manned primarily by experienced pilots who have separated from the active duty Air Force, ARF units reap all the advantages a two track system offers. ARF pilots aren't concerned with doing all the "required for promotion" things their active duty contemporaries have to do. Instead, confident and satisfied in their "niche", they concentrate on flying. "The ARF record, compiled by their version of 'career pilots', proves that geographic stability and high-time experience in a weapons system are crucial to pilot proficiency, unit cohesion, and ability to perform the mission" (11:45). "For pilots that enjoy the excitement of military flying, but not the hardship of a military career, the reserves offer an attractive alternative with extra income as well" (4:5). Active duty pilots do not expect nor do they necessarily want all the features of a reserve billet. However, it is evident that if desirable aspects of the ARF career pilot option were incorporated in active duty pilot management, pilot retention would increase. Unfortunately, the great scheduling flexibility and geographic stability of the ARF are incompatible with the mission requirements of the active duty force. While the ARF serves as a useful model, other avenues provide more tenable solutions for the pilot retention problem.

THE BEST OPTION

Based upon the research for this report, discussions with many other pilots, and personal experience the author believes the Air Force must combine two "cures" to produce a remedy for the "up or out" induced retention problems. First, a selectively manned career track option must be added to the current system, and second, pilots in it must be paid a monetary bonus for their continuing service. Adding a bonus-enhanced career path will increase security for pilots by decreasing the pressure of the "up or out" system and provide one facet of a permanent cure for the pilot retention dilemma.

Chapter Four

A CAREER TRACK PROPOSAL

WHO AND HOW

As evidenced by the previous discussion, the concept of two career paths for pilots is not new to the world's air forces. The history of USAF pilot retention problems and attempted cures also shows that no single solution has ever been totally or permanently effective. Addressing economic and "up or out" pressures through a bonus enhanced career pilot option holds promise to do both.

The two track system envisioned by the author is based on the concepts Colonel James D. Graham presented in his comprehensive report entitled Improving Air Force Pilot Career Opportunities-- "Dual Track" Revisited. "One track mirrors our current 'up or out'... system, composed of pilots aspiring to leadership positions. The other track is composed of professional pilots--who perform only flying related duties for their entire career" (11:5).

As envisioned, the career track should be an option available to senior captains and junior majors (11-14 years of service). While this seniority puts the "track" out of the 6-11 year group where concern has centered, the author believes the change in career perceptions it creates throughout the force will have the desired effect on retention. The seniority has the advantage of giving the individual and the Air Force time to assess ability, aspirations and potential. Pilots would know by this point in their career what they and their families can expect from the Air Force, and what the Air Force expects from them. Additionally, it is reasonable to assume that if the Air Force increases the UPT obligation to 8 years as planned, the focus on retention in the 6-11 year group could shift along with it and refocus on the 7-12 year group.

To gain career status, the pilot would consult with his unit commander and pending his advice, apply through personnel channels. The Air Force, following review of flying records, officer-ship, and unit recommendations, would selectively (based on Air Force needs) offer career pilot status to the individual.

Once accepted, the pilot would no longer be considered for promotion, PME, or other non-flying related programs and would retain his current rank for the remainder of his service. "The current OER system [would] not apply to pilots... in the special-ist track. A yearly evaluation... [would] be based on their performance as aviators and their bearing as officers in the Air Force (13:14). Tenure to at least 20 years would be assured providing the pilot (1) maintained flying proficiency; (2) upheld acceptable conduct standards; and (3) remained physically qualified for flying duty. Career pilots that become physically disqualified for rated duties would be subject to the same medical retirement benefits as their promotion track contemporaries. Service beyond 20 years would be allowed on an individual basis providing the pilot continued to meet the above conditions and both the Air Force and the pilot agreed to the extension. If USAF needs dictated, the individual could be moved to different locations in career status. However, in the interest of stability and constraining costs, the intention would be to minimize Permanent Change of Station (PCS) moves.

While the author believes very strongly that the Air Force must vigorously pursue economic equity for all its pilots, intrinsic to the success of this career track option is the payment of a bonus. The author's proposal differs here from others in that it calls for the "up front" payment of a tax-free lump sum and the provision for yearly additional payments. The follow-on bonus would not be automatic but would be decided at the unit level (recommended by Squadron Commander; approved by DO) based on the individual's contribution to the Air Force and unit mission. The money, a set percentage of the yearly salary, could be paid once a year every year for the entire length of service, thus providing a continuing incentive to excel. The amount of the bonus would be added to the base salary of the current year to arrive at a new base salary figure for the following year. The process repeated over the period of service creates a "stair step" salary in which the best performing career pilot draws more money as his experience and value grow. The career pilot bonus system would operate independently of the normal pay and allowances and all force-wide raises would still apply. ACIP would be "fixed" (non-decreasing) for career pilots (11:26). Example costs (using a five percent bonus) for the 11 year captain and 14 year major career pilot are at Table 1.

These fundamental principles frame the author's proposed career track portion of the remedy for the Air Force pilot retention problem. The magnitude of the changes required to implement this program and its potential consequences suggest that a small-scale test would be prudent.

TABLE 1

CAREER PILOT BONUS AND PAY EXAMPLESASSUMPTIONS:

11 Year Captain

21 Years Old at Entry

Constant FY 88 Dollars

Tax Free Lump Sum (TFLS) "Up Front" Bonus for service to 20 Yrs

Bonus (BN) maximum = 5% of Base Pay (BP)

Flight Pay and Subsistence (FS) stay constant at \$6180 per year

Lives on Base (Therefore does not include quarters allowance)

Dies at 75 years

Federal pay cap on executive salary waived for career pilots

| | <u>Year 11</u> | <u>YR 12</u> | <u>YR 15</u> | <u>YR 18</u> | <u>YR 20</u> | <u>YR 25</u> |
|-------|----------------|--------------|--------------|--------------|--------------|--------------|
| BP | 30,852 | 32,395 | 37,502 | 43,413 | 47,863 | 61,086 |
| BN | 1,543 | 1,620 | 1,875 | 2,171 | 2,393 | 3,054 |
| FS | 6,180 | SAME--> | | | | |
| TOTAL | 38,575 | 40,195 | 45,557 | 51,764 | 56,436 | 70,320 |

Total Costs: 20 YRS= 519,267 (Duty) + 813,654 (Ret)= 1,332,921
 25 YRS= 841,746 " + 1,107,191 " = 1,948,937

Total Bonuses: 50,000 (TFLS) + 65,142 (Potential) = 115,142

14 Year Major

Same Assumptions

| | <u>Year 14</u> | <u>YR 15</u> | <u>YR 18</u> | <u>YR 20</u> | <u>YR 23</u> | <u>YR 25</u> |
|-------|----------------|--------------|--------------|--------------|--------------|--------------|
| BP | 35,760 | 37,548 | 43,466 | 47,921 | 55,475 | 61,161 |
| BN | 1,788 | 1,877 | 2,173 | 2,396 | 2,516 | 3,058 |
| FS | 6,180 | SAME--> | | | | |
| TOTAL | 43,728 | 45,605 | 51,819 | 56,497 | 64,429 | 70,399 |

Total Costs: 20 YRS= 398,972 (Duty) + 814,674 (Ret)= 1,213,646
 25 YRS= 721,809 " + 1,108,554 " = 1,830,363

Total Bonuses: 50,000 (TFLS) + 53,860 (Potential) = 103,860

FRAME OF REFERENCE: Given that the conservative average cost to train a pilot to Aircraft Commander status is \$3,000,000, and that it takes 3 pilots to fill a cockpit for 20 years under the current "up or out" system (11:32-33), keeping one pilot in the cockpit for 20 years has the potential to save over \$4,000,000.

SOURCE: 1988 USAF PAY CHARTS

A TEST CASE

Graham suggested in "Dual Track Revisited", that we "devise an extremely limited 'career pilot' program, and see what reaction it gets over time. Depending upon the results, the experiment could always be expanded or terminated" (11:49). The following test program is the author's concept of one way to do just that.

Assumptions

The author assumes that (1) the test must be kept small with a limited number of people at selected locations; (2) the money for the test will have to come from existing resources; (3) Air Force leadership, either in consultation with DoD/Congress or unilaterally, will have the authority to take the needed action; and (4) results would be evaluated after a fixed time. Individuals allowed to enter the test would be permitted to finish their service under its provisions regardless of whether the USAF chose to adopt it or not.

Requirements

To enact the test, the Air Force needs (1) to waive the applicable portions of the affected regulations; (2) a group of eligible pilots; (3) bonus money; (4) manpower slots; and (5) some vehicle to educate the field on the purpose, direction, and limits of the test. Historically AFMPC is well versed in handling the first and fifth requirements, therefore the remainder of this chapter will concentrate on the middle three.

A potential source of participants for this test would be "passed over" pilots from the last few promotion boards. AFMPC records show there were 219 pilots not promoted to Major since FY 85 (19:--). This pool, combined with the records of some junior majors who have shown little potential for promotion, would be carefully screened by AFMPC (with unit input) to "weed out" unacceptable candidates. Individuals who pass the screening would be offered the chance to participate.

Money, always scarce in the budget, would be difficult to obtain. At the risk of being controversial, the author has conceived one way to obtain both money and manpower slots for the test. The Social Actions function in the Air Force has done an excellent job of correcting discrimination and social problems like drug and alcohol abuse. However, in the author's opinion, the time has come when the need for them to exist as a separate agency is no longer valid. The social actions problems that arise in today's Air Force would be and could be more appropriately handled by trained enlisted specialists subordinate to other agencies in the service. Specifically, problems with discrimination or harassment are more the purview of the respective

commander/Inspector General; substance abuse problems and programs could be handled by social actions technicians assigned to the hospital. Social Actions officer billets could be converted to noncommissioned officer (NCO) positions within the aforementioned organizations or redesignated and redistributed. The 261 Social Actions officers (60 field grade) (18:--) would be retrained, reassigned, or released, freeing those manpower slots and their funding for use in the test. Assuming the average pay of the 201 company grade officers is \$30,000 a year and of the field grade, \$40,000 a year, realigning Social Actions assets would provide approximately \$8,000,000 a year to finance the test. A 100 pilot test could be financed this way with no additional funding. The author is not insensitive to the gut level resistance this "robbing Peter to pay Paul" proposal would draw. However, in the current constrained budget environment, the Air Force needs to keep its pilots more than it needs its archaic Social Actions organization. Should Congress see fit to finance the test, or another alternative prove more feasible, so much the better.

Once manpower, money, waivers, and permission are obtained, the Air Force would develop and sign an agreement with each test career pilot that outlines all the rules and limitations of the test. Then the USAF would pay each pilot a tax free "lump sum" bonus (\$50,000 suggested in Table 1, but whatever is needed to sign them up) in return for agreeing to 20 years service. The test would last for a set period, with AFMPC responsible for soliciting feedback from participants and their units and evaluating and reporting results. A decision to expand or terminate should be evident within three years, predicated on the test's effects on the pilot force.

Chapter Five

RAMIFICATIONS

Implementing the career pilot program outlined in the previous chapter would have far-reaching effects on the pilot corps and the Air Force. "There are many potentially positive features of a limited and highly selective career pilot option" (11:45), but there are potential problems as well. An examination of possible strengths and weaknesses of the program, especially regarding career pilot quality, quantity, and the overall pilot corps caliber that results from implementation provides a basis for making a recommendation on its adoption.

STRENGTHS

The success of career track programs in other Western air forces like the RAF, Luftwaffe, and Canadian Air Force set an optimistic precedent for the proposed track (11:55). While none of these air forces employs every feature of the proposed program, many facets (like static rank and enhanced pay in the RAF) have been tried and proven effective (9:14). Blending several of these features into a bonus enhanced career pilot program as described promises success in the USAF because it is better aligned with the American capitalist ethos than the present system.

One of the strongest points of the proposed track, and one from which many of its other benefits flow, is the reduction of "up or out" pressure it affords. Having an alternative to getting promoted or getting out will alleviate the stress that prompts many pilots to prematurely separate. Likewise, the proposed option will promote an increased confidence in the stability of an Air Force career and correspondingly decrease "square filling" competitiveness to get promoted. The track also permits the equitable compensation and continued employment of a good pilot who has not shown the potential for increased rank. Consequently career pilots, not "bogged down" in accumulating promotion-driven requirements, will have more time to spend concentrating on the "art" of flying. The increased experience and knowledge base that results potentially would improve flying safety in peace (11:31) and combat capability in war. "Career pilots could increase the professional warfighting capability of the Air Force by enhancing the proficiency of a designated portion of the pilot force" (11:37). Similarly, the selectively manned career pilot track

strengthens the pilot corps by ensuring that only dedicated, highly proficient airmen are offered the career option. In addition to improving pilot competence, the career track also holds potential benefits for the officer corps as a whole.

The quality of the officer corps stands to gain from a career pilot option for several reasons. Career pilots will not need to broaden their experience outside of the flying arena, thus they will not compete for the limited opportunities (PME, AFIT, rated supplement) outside the cockpit that are necessary steps for promotion. This will produce greater opportunities for promotion track pilots to rotate out of the cockpit and for other officers to round out their experience base. Also, by creating a "career opportunity where advancement [promotion] is not the sole visible means of success" (11:29), the career option gives supervisors the flexibility to be more objective in their officer assessments. Thus, inflation in the current OER system that results from trying to get everybody promoted would be reduced, and commanders could be more selective in whom they groom for advancement.

Saving money is another major advantage of the career pilot option. As Colonel Graham states in his report, "the potential dollar savings... is enormous--regardless of the percentage allowed to pursue a career track." His calculations for a 30% career track force show the potential for over \$46 billion in savings over 20 years (11:33). The proposed 100 pilot test outlined in the previous chapter provides another example, with savings in replacement training costs alone amounting to over \$40 million. Additionally, savings would be gained through reduced PCS and temporary duty expenses.

The number of pilots allowed to enter the career track would be dependent on several factors, to include program funding, pilot interest, and the mix of command (promotion) and career track pilots the Air Force desired. Relief from the field grade officer ceilings imposed by The Defense Officer Personnel Management Act (DOPMA) would be needed to allow for the number of field grade career pilots the officer corps could productively absorb without field grade penalties elsewhere (11:37). As stated above, regardless of the number allowed to participate, the impact on retention in the pilot force promises to be positive and the dollar savings significant.

Clearly the career track option could improve pilot expertise and experience and provide opportunities for all USAF officers. Simultaneously, it would realize tremendous savings in comparison to the current system. However, in order to obtain the benefits cited above, several special challenges posed by the career track option must be overcome.

WEAKNESSES

One of the biggest challenges to implementing the career pilot option is overcoming the inertia of the current "up or out" system. Personnel agencies would hesitate to suggest or support a bonus enhanced career pilot track they believe opposes the viewpoint of senior Air Force leadership. Indeed, "adequate impetus for change may be difficult to find if complacency about the current system has crept into the senior leaderships' view" (11:34). While everyone involved with Air Force retention efforts realizes something is amiss regarding pilot retention in the current system, little more than lip service is paid to solutions that appear to differ with the perceived (USAF) "company" line (11:38-39).

In the author's experience, a fundamental reason given by senior leadership (and therefore by the personnel community) for their discomfort with bonuses and career track proposals is the potential mercenary image they portray to the American public. This faulty perception would need to be countered on two fronts. First, senior leaders (and so the personnel community) must be convinced that pilots today are no more mercenary than yesterday. Their value systems, while no less patriotic, just require more security and enough income in return for their service to provide a comfortable (not extravagant) living. Second, armed with this thought and the fact that a bonus-enhanced career track could improve pilot retention and actually save millions of dollars, senior leadership must adopt and articulate the case for it to Congress and the people. "If the American public knew what military pilots really cost, they would insist that pilots spend their entire careers in the cockpit" (11:16). Advocating a career pilot program of our own design gives the USAF a better choice.

Another important weakness in the proposed career option is the economic inequities it would create. Promotion track pilots and officers in other specialties would undoubtedly perceive the differential in pay as unfair, and react accordingly (4:10). The basic premises of this paper provides two arguments to counter this objection. First, that previous solutions to the pilot retention problem failed because they didn't holistically address the issue; and second, that implementing a bonus-enhanced career track was only one facet to the solution. The author believes that vigorously pursuing pay equity for all pilots is another facet. While promotion track pilots may not make as much as their career counterparts in the captain and major ranks, they could (and should) be paid a lump sum bonus and have the potential to earn more pay as they are promoted. "Industry separates salary and rank within the hierarchy. Technicians [pilots] may draw higher salaries for their unique and expensive to acquire skills, but they have little or no rank, or say, within the organization" (11:35). The Air Force could adopt a similar approach. As for

other specialties, their training/replacement costs balanced against the economic realities of the budget will dictate what additional recompense (if any) the Air Force deems reasonable and can afford.

Other problems that could arise if the career track is implemented include the monopoly of key flying jobs (like flight examiner and instructor positions) by highly experienced career pilots. This could be overcome by specifically designating positions for either command or career track pilots (11:37). The evolution of a "caste" system, in which the career pilot is viewed a second class citizen by his promotable contemporary, is also possible. However, based on the respect the author has witnessed for professional, highly experienced passed-over officers, this will not be a significant problem in a well-led unit. Conversely, career pilots may add credibility to the mercenary argument by "promoting job over institution." This could be countered through the selection process; by emphasizing professionalism, and by recognizing the contribution career pilots make to the corporate reservoir of pilot experience and national defense (11:22,38). Interest in the career pilot option might also wane or be less than expected. Whether this arises as a problem is entirely dependent upon how Air Force leadership at every level portrays the program to their troops. Given a fair chance to succeed, precedents and pilot retention studies indicate it will.

SUMMARY

Assessing the information and arguments presented makes it clear that a valid case exists for adding a bonus-enhanced career pilot track to the current "up or out" system. The strengths of the proposed system provide many force enhancements while the weaknesses do not present any insurmountable problems. As Graham states, the "career pilot program would enhance careers of pilots aspiring to leadership, pilots who just want to fly--and all other officers as well" (12:3). Thus, the bonus-enhanced career pilot option could provide one facet of a total, permanent solution to the USAF pilot retention problem.

Chapter Six

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The following summary of the major points of this report provides a convenient synopsis of issues involved with the USAF's recurrent pilot retention problem. As discussed in the text, the retention problem is complex and no single factor has been pinpointed as the cause. Despite repeated lessons and numerous recommendations from studies of the previous bouts with the retention problem, the Air Force has not changed the way it manages its pilot force. This background and the options available to the Air Force lead the author to conclude that:

1. The Air Force is in the midst of another pilot retention problem. This one has the potential to be worse than any previous exodus because of the combination of exacerbating factors, to include high pay inequity, perceived/real reductions in benefits, and lucrative civilian job opportunities.
2. The basic causes for the pilot exodus, pay inequity; job irritants; and pressure from the "up or out" personnel management system, remain unmitigated.
3. Previous attempts to fix the problem failed or were only temporarily successful because they didn't address the causes as a whole.
4. No single action by itself will solve the problem. Only a combination of the available cures can provide a long-term solution.
5. A bonus-enhanced career track option addresses three of the five reasons pilots give for separating early.
6. A small-scale test of the proposed career track could be done to prove its potential.
7. The strengths of a bonus-enhanced career track outweigh its surmountable shortcomings.

8. A bonus-enhanced career track addition to the "up or out" system is needed, but is only one facet of the total, permanent solution that includes addressing pay inequity and job irritants for all pilots.

What is clearly evident from this study is that the pilot retention problem will continue to grow worse if the Air Force fails to take comprehensive action to address its root causes. In an era of ever-tightening budgets, partial solutions or waiting the problem out are no longer tenable, or sensible, positions.

Fully trained and experienced military pilots are too expensive a resource in today's complex world to be dealt with in a 'business as usual' manner or with a draft era mentality. Given their multi-million dollar training investment cost, it is neither in the best interest of the Air Force nor for the fiscal responsibility of the nation to allow any military pilot to opt out of any military obligation after only seven years of flying service. Neither is it cost effective to release a pilot from active duty as long as that pilot is performing satisfactorily in grade (11:43).

RECOMMENDATIONS

The author recommends:

1. That the Air Force commission an expeditious study of the bonus-enhanced career track option.
2. That AFMPC simultaneously conduct a test of the concept as proposed in chapter four.
3. That pending favorable test results, the Air Force implement a bonus-enhanced career pilot track as one facet of the overall solution to the pilot retention problem.

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